

# **Business Plan for Cache Creek Placer Area Permit**

**United States Department of the Interior  
Bureau of Land Management  
Royal Gorge Field Office  
3028 E. Main Street  
Cañon City, CO 81212**

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## **Business Plan for Cache Creek Placer Area Permit**

### **Recommendations, Reviews, and Approvals**

Recommended by:

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Outdoor Recreation Planner

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Date

Reviewed by:

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Associate Field Manager, Renewable Resources

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Date

Approved by:

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Field Office Manager

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Date

This business plan was prepared pursuant to the Federal Lands Recreation Enhancement Act (Public Law 108-447) and BLM recreation fee program policy. It establishes future management goals and priorities for the Cache Creek Gold Panning recreation fee program in the Royal Gorge Field Office.



## **Introduction**

This business plan is being prepared in conjunction with the development of the Cache Creek Placer Area Management Plan and Environmental Assessment that addresses the high demand and associated impacts of recreation placer activities at the site. This plan, along with a number of other management actions, calls for the need to develop a permit system and associated fee in order to ensure a quality recreation experience in a relatively primitive and undeveloped setting and alleviate impacts to resources from the placer activity. Bureau of Land Management policy requires the development of a business plan when considering instituting a fee. This plan is intended to assist in determining appropriate fee rates to achieve management objectives, outline the cost of administering fee programs, and identify priorities for future fee program expenditures.

## **Description of the Cache Creek Management Program**

### **Background**

Cache Creek is located immediately west and south of the town of Granite and flows into the Arkansas River just below the Granite Bridge. It was the site of one of the first large mining communities in Colorado during the late 1800s. In January 2000, the Bureau of Land Management acquired 2,160 acres through which Cache Creek flows, extending from the San Isabel National Forest boundary to Highway 24. The parcel was acquired through a grant from the Land and Water Conservation Fund, a federal program that conserves irreplaceable lands and improves outdoor recreation opportunities throughout the nation. It was purchased to help protect crucial elk and riparian habitat as well as to provide recreational opportunities.

Due to the traces of gold found in the waste rock piles along with past BLM management actions and the rise in popularity of gold panning, Cache Creek saw tremendous increases in recreational placer activity. Resulting impacts to water quality and visitor experiences despite several other management strategies led to the development of the Cache Creek Placer Area Management Plan. This plan was developed in conjunction with prospecting clubs and organizations. The plan identifies the need for instituting an individual special recreation permit for mineral collection in the Cache Creek parcel including terms and conditions and allowed use. Additional background information and the need for the management plan can be found in the Cache Creek Placer Area Management Plan Environmental Assessment (DOI-BLM-CO-200-2012-0069-EA).

### **Site Description:**

The Cache Creek parcel is located in Chaffee County, Colorado near the town of Granite. Cache Creek flows through the heart of the parcel which is a tributary to the Arkansas River. Chaffee County Road 398 serves as the primary access to the parcel which also travels further onto lands managed by the US Forest Service. Sitting at the base of the Collegiate Peaks of the Sawatch Range rolling sagebrush dominates much of the site. The higher elevations are heavily forested

with a diversity of tree species. The meandering creek and associated floodplain, while still recovering from past mining disturbance, is rich with riparian plant species and a fishery.

#### Recreation Use:

Based on data collected starting in 2011 by a volunteer campground host and a voluntary registration form it is estimated that on average Cache Creek sees approximately 2,000 visitor days per year participating in placer related activities.

Visitor Use Estimates						
Year	2015	2014	2013	2012	2011	Average
Number of Users	2100	2100	2242	1424	2061	1985.4

Many visitors consider Cache Creek as a unique recreation opportunity offering placer activities in a relatively primitive natural environment that is available to the general public. The general parcel sees a variety of dispersed recreation activities such as hunting, hiking and sight-seeing but within the developed area the majority of users participate in mineral collection activities such as gold panning and sluicing. Users range from beginners wanting to see what the activity is all about to highly experienced individuals that have a high level of investment, both time and financial, into the activity.

While a former demographic study was not conducted, staff and campground host observations indicate that people visit the site from all over the country with the majority being from the Front Range urban centers and adjacent states. For Front Range visitors Cache Creek is often the destination while visitors from out of the state often tie Cache Creek in with a larger itinerary. These types of trips often involve other placer activities including private club claims and sites along the Arkansas River such as Point Barr. Group size ranges from individuals to small groups as well as families. Cache Creek is often a repeat destination with visits occurring multiple times/year and annually.

Length of stay is also highly variable. Data indicates that approximately 25% of the visitors camp at the site staying for varying lengths of time up to two weeks. Multi-day visitors also often take advantage of nearby lodging accommodations in Buena Vista. The length of stay for day time visitors often varies depending upon the level of gold panning experience where newbies might visit for 2-4 hours where as more experienced visitors will stay all day.

### Site Management:

As identified in management plan there would be a change in the management from current conditions in order to facilitate reduction in impacts to resources and improve visitor experiences. This would include additional rules for the area along with an increase in BLM staff presence at the site. Rules would be associated with a required permit. A campground host would continue to be present as well when available. Portable toilets, a kiosk, and informational signing would be provided.

## **Proposed Fee Rates and Permit Distribution<sup>1</sup>**

### Proposed Fee Rate

The Royal Gorge Field Office proposes to implement a fee system for individual use permits as proposed in the Cache Creek Placer Area Management Plan. Based on a financial analysis along with public comment it was determined that two types of fees should be available to users; a season permit valid for the current use season (Memorial Day Weekend – 11/30) as well as a day permit valid from time of purchase until 12:00 p.m. the following day. There would not be a separate camping fee. As identified in the proposed action this fee would not apply to persons under the age of 16 who would still be required to obtain a permit.

<b>Fee Type</b>	<b>Proposed Amount</b>
Annual Permit	\$25.00
Day Permit	\$5.00

It is estimated that this fee revenue will generate approximately \$28,635 annually based on current rate of estimated visitation. Operating expenses of the site are anticipated to steadily increase based on past years trends. 2015 operating expenses are anticipated to be approximately \$34,308.38. It is anticipated that the management program for Cache Creek will continue to be subsidized from base program dollars, including staff time and visitor use and resource monitoring, but at levels commensurate with other recreation areas.

### Permit Distribution

Season permits would be available for sale at the Royal Gorge Field Office in Cañon City as well as at the site through an iron fee tube. These would be designed so they are small and convenient to carry in a pocket or wallet.

Day use permits would be available at the site through an iron fee tube. These would be similar to other fee envelopes that the public is accustomed to using at other recreation sites.

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<sup>1</sup> This business plan would be revised and available for public review and comment if changes in the fee structure are proposed in the future.

Stipulations would be printed on the back of the permits along with a signature line acknowledging reading and understanding of the terms and conditions.

## Financial Analysis

### Anticipated Operational Expenses:

To determine anticipated operational expenses actual expenses were identified over the past five years. Trends from this data were then carried forward combined with anticipated needs associated with changes in management to determine future estimated operational expenses.

### Actual/Estimated Expenses; 2009-2013

All of the costs identified are based on actual expenses realized by the BLM over the five year period except for patrolling/maintenance. Patrolling/Maintenance costs were estimated based on average number of visits to the site during the year by position multiplied by the number of hours spent traveling to, from, and at the site to determine average annual hours by position. The average per season hours was then multiplied by the hourly rate cost to the government for each position. The cost per season per position was then combined to determine average annual costs. Cost of living or other increases associated with inflation was not calculated into this cost estimate.

Sum of (# of days per season x average hours/day x hourly rate cost to government) = estimated patrolling/maintenance/season

The table below identifies actual/estimated costs to operate the site from 2009-2013.

<b>Actual/Estimated Expenses</b>					
	2013	2012	2011	2010	2009
Toilets	\$ 1,020.00	\$ 940.00	\$ 720.00	\$ 630.00	\$ 710.00
Reclamation (avg 30% annual increase)	\$ 5,400.00	\$ 4,100.00	\$ 3,300.00	\$ 1,850.00	\$ 1,650.00
Road Maintenance	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00
Patrolling Costs (2 x per week)	\$ 12,792.00	\$ 12,792.00	\$ 12,792.00	\$ 12,792.00	\$ 12,792.00
Campground Host (\$200/month x 5 months)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Indirect Rate	7%	7%	7%	7%	7%
<b>Annual Cost Totals</b>	<b>\$ 19,612.00</b>	<b>\$ 18,232.00</b>	<b>\$ 17,212.00</b>	<b>\$ 15,672.00</b>	<b>\$ 15,552.00</b>
<b>Annual Cost Totals + Indirect</b>	<b>\$ 20,984.84</b>	<b>\$ 19,508.24</b>	<b>\$ 18,416.84</b>	<b>\$ 16,769.04</b>	<b>\$ 16,640.64</b>

### Estimated Future Expenses

As identified in the table, portable toilet costs increased from \$710 to \$1,020 over the five year period with an average increase of 11% per year. It can be assumed that this rate of increase would continue as management continues due to annual inflation and use levels. The figures represent a projection that a vault toilet would be installed in 2018 reducing overall maintenance costs.

Reclamation costs also increased during this same five year period from \$1,650 to \$5,400 with an average increase of 37% per year. For the purposes of this analysis the annual 37% increase is projected forward to 2016 resulting in a dramatic increase. At this point it is unclear if this dramatic increased expense is accurate or if actual reclamation needs will be lower given changes in management so a 10% annual increase was projected.

While the cost to maintain the road annually has not increased during the five year period analyzed in can be assumed that this rate will increase slightly in the future due to inflation. This was taken into account in the analysis of future expenses.

With the changes in management there is an evident need for an increase in BLM presence and monitoring. An ideal scenario would result in law enforcement patrolling the area at least two times per month during the use season. It is anticipated that an increase in presence the first two years of implementation would be required. A seasonal employee devoted almost exclusively to the site would also be warranted spending at least two days a week at the site combining patrolling with site maintenance, monitoring, and fee collection. Higher level planning staff would also be needed at the site monthly to assess the management program and perform monitoring of impacts to resources. This results in a labor increase not including cost of living increases.

Based on feedback from partners and past partner campground hosts the \$200/month camping rate is not sufficient to attract long term devoted hosts. In order to improve management of the site a higher amount would be more appropriate that is commensurate with other BLM volunteer opportunities. This increases the campground host cost.



The indirect rate was adjusted for future scenarios.

#### Projected Expenses

	2016	2017	2018
Portable Toilet Rental (avg. 11% annual increase)	\$1,377.00	\$1,528	\$0**
Reclamation (estimated 10% annual increase)	\$13,768	\$15,145	\$16,659
Road Maintenance	\$500.00	\$500.00	\$500.00
Site Maintenance/Fee Collection Costs	\$11,272.00	\$11,272.00	\$11,472.00
Campground Host (\$125/week x 20 weeks)	\$2,500.00	\$2,500.00	\$2,500.00
Law Enforcement/Safety	\$21,355	\$21,355	\$8,640
Monitoring	\$2,700	\$2,700	\$2,700
Capital Improvements	\$10,000	\$0	\$30,000
<b>Annual Cost Totals</b>	<b>\$ 63,472</b>	<b>\$ 55,000</b>	<b>\$72,471</b>

\*Since the management plan will not be finalized or implemented in 2014 these expenses will not be realized.

\*\*In anticipation that a vault toilet would be installed in 2018.

As identified in the analysis above expense associated with the management of Cache Creek is anticipated to increase. These increases are realized in every single expense line item. It is important to note that this is not a direct result of changes in management per se, but more associated with unavoidable increases and ideal management scenarios.

### Comparable Analysis

As part of the business analysis a variety of similar opportunities were researched and compared. This provides insight into not only comparative rates but also sees the range of prices and services charged for a similar experience as well as other approaches to managing gold panning activities.

In conducting this research it became evident that similar areas managed by federal land management agencies are incredibly rare. In fact only two sites managed by a federal land management agency were identified and they were both BLM sites; one in Redding, CA and the other is Point Barr managed jointly by the Royal Gorge Field Office and Colorado Parks and Wildlife. It is unclear why few federal land management sites exist. It could be that given the only recent increase in the hobby of gold panning agencies have yet to respond to the increased demand but the issue is present. It could also be that Cache Creek is unique in how it relates to mining law and few similar instances occur with the same challenges.

One State Park in South Dakota was identified that charges fees for gold panning and seven private companies located throughout the United States were also identified. Two gold panning clubs that charge fees to members to use the club claims were also included.

It was discovered that a variety of fee structures exist with a wide range of services provided. The high end is \$25/five hours which included the use of equipment. The lower end is \$5.00/five days at the Redding, CA BLM site where it is assumed there are minimum services, similar to Cache Creek. The state park charges \$15/vehicle . Gold Panning clubs researched generally charged an annual fee ranging from \$25.00 to \$69.00. This fee provides access to the claim and reclamation but other services, such as restrooms, are generally not provided.

Private Service #1	\$2.00/day
Private Service #2	\$25/five hours with equipment
Private Service #3	\$6.00/day
Private Service #4	\$20.00/day
Private Service #5	\$5.00/day
Private Service #6	\$10.00/half day
Private Service #7	\$9.95/day
State Park	\$15.00/vehicle
BLM-Redding, CA	\$5.00/five days
BLM-Point Barr	\$25/two years
Club #1	\$25.00/year
Club #2	\$69.00/year

### Anticipated Use Level Analysis

In order to determine estimated revenues based on a variety of rate structures anticipated use was determined. These figures were derived from campground host logs which document the number of participants each day during the season. Anecdotal evidence from staff and campground host observations was used to fill holes where data wasn't available.

#### Use Level Calculations

	<b>2011</b>	<b>2012*</b>	<b>2013</b>	<b>Average</b>
# of Users/Year	2242	1424	2061	1909
# of days with data	102	119	127	116
Avg. # of Users/Day	17.6	11.9	20.2	16.6
# of Unique Users/Year**	1121	712	1030.5	954.5

\*Data from 2012 is assumed to be low due to differences in data collection methods and use would be similar to other years.

\*\*Estimated that approximately half the visitors are return visitors within the same season based on a 25% camping rate and anecdotal campground host information.

## Revenue Analysis – 2016

Revenue Analysis

	Private Facility-Daily	Annual Fee-Clubs	Annual Fee-Point Barr	Daily Rate-BLM	Combination-Daily/Annual
Fee	\$10.33*	\$25**	\$12.50	\$5.00	\$25/\$5
# of Users/Year	1909	N/A	N/A	1909	955
# annual passes***	N/A	1909	1909	N/A	955
Estimated Revenue	\$19,719.97	\$47,725	\$23,862.50	\$9,545	\$28,635.00
Revenue/Expense Difference, 2016	(\$43,752)	(\$15,747)	(\$39,610)	(\$53,927)	(\$34,837)
Revenue/Expense Difference, 2017	(\$35,280)	(\$7,275)	(\$31,138)	(\$45,455)	(\$26,365)
Revenue/Expense Difference, 2018	(\$52,751)	(\$24,746)	(\$48,609)	(\$62,926)	(\$43,836)

\*Based on average price of private facilities with outliers removed.

\*\*Based on smaller clubs offering access to limited claims.

\*\*\*Estimate based on # of unique users/year.

As identified in the above table almost all of the scenarios outlined result in a deficit when comparing anticipated expenses to revenue.

### Public Participation

The initial concept of a permit and associated fee was first broached at a meeting held between the BLM and prospecting interests including regional and national prospecting clubs and business owners. From this meeting the BLM developed a proposed action for the management plan that included implementing a permit and fee system. An initial scoping period was initiated in March/April 2014 that presented a draft proposed action including a permit and fee program. Scoping letters and emails were sent out to those clubs and businesses who participated in the initial meeting who then also shared the information with their members and customers. The draft proposed action was also sent out to county commissioners along with local, state and federal agencies.

6 commenters provided input on the draft proposed action during the scoping period and only two of those commented directly on the fee. One commenter requested that the fee be reasonable so that families and individuals can afford to continue to recreate at the site and have both long term and short term fee options. In response, the proposed action was modified so that the fee was not applicable to persons 16 years of age or younger. The other commenter was opposed to the fee and felt that budget allocations should be sufficient to cover the management of the site.

## Authorities and Planning Guidance

The Bureau of Land Management (BLM) originally began collecting recreational fees for the use of public lands under the authority of the Federal Lands Policy and Management Act of 1976. The Federal Lands Recreation Enhancement Act of 2004 (REA) now provides the BLM with its current authority to collect recreational fees, and allows the agency to collect Special Recreation Permit fees for specialized uses of federal lands and waters. The act authorizes the BLM to locally retain collected recreation fees and outlines how revenues may be used, for such things as facility repair, facility maintenance, facility enhancement, interpretation, visitor information, visitor services, visitor needs assessments, signs, habitat restoration, law enforcement related to public use and recreation, and operating or capital costs directly associated with the Recreation and Visitor Services Program.

The authorities and regulations for this business plan are:

- **The Federal Land Policy and Management Act of 1976** (Public Law 94-579), contains BLM's general land use management authority over the public lands, and establishes outdoor recreation as one of the principal uses of those lands. Section 302 (b) of FLPMA authorizes the BLM to manage the use of the public lands through permits.
- **The Federal Lands Recreation Enhancement Act of 2004** (Public Law 108-447), repealed applicable portions of the Land and Water Conservation Fund Act and replaced BLM's authority to collect recreational fees. This law authorizes BLM to collect recreation fees at sites that meet certain requirements, allows BLM to keep the fee revenues at the local offices where they are collected, and directs how BLM will manage and utilize these revenues. Section 803 contains BLM's authority to issue permits and charge a permit fee for gold panning use at Cache Creek. Section 803 (h) authorizes the BLM to require Special Recreation Permits and fees associated with specialized recreation uses of federal lands and waters, such as group activities, recreation events, and motorized recreational vehicle use.
- **Code of Federal Regulations, Title 43, Part 2930 (43 CFR 2930)**, contains the regulations governing BLM's recreation permitting programs. 43 CFR, Subpart 2932.11(b) contains BLM's authority to issue permits for use of gold panning at Cache Creek. It states that, "If BLM determines that it is necessary, based on planning decisions, resource concerns, potential user conflicts, or public health and safety, we may require you to obtain a Special Recreation Permit for – (1) Recreational use of special areas." A "special area" is where the BLM determines that the resources require special management and control measures for their protection. Permits for gold panning at Cache Creek protect recreation experiences, riparian ecosystems, fisheries, wildlife, and cultural and historic resources.

- ***BLM Recreation Permit Administration Handbook (H-2930-1)***, explains how the BLM implements its recreation permit and fee program. Chapter 1, page 27, sections (e) and (f) specifically address Special Recreation Permit fees for Special Areas and application fees for Special Recreation Permits.

This business plan has also been prepared pursuant to all applicable BLM recreation fee program policies and guidance, including:

- BLM Recreation Fee Proposals Step-by-Step Review & Approval Process, March 22, 2007
- BLM Instruction Memorandum 2007-028: *Federal Lands Recreation Enhancement Act Final Public Participation Policy for Certain Recreation Fee Adjustments and Proposed New Fee Sites/Areas*
- BLM Colorado Instruction Memorandum CO 2012-001: *BLM Colorado Recreation Fee Proposals, Step-by-Step Review and Approval Process and Checklist for Resource Advisory Committee Fee Review*

The BLM strives to manage recreation and visitor services to serve diverse outdoor recreation demands while helping to maintain sustainable setting conditions needed to conserve public lands, so the visitor's desired recreation choices remain available.

Photo(s):



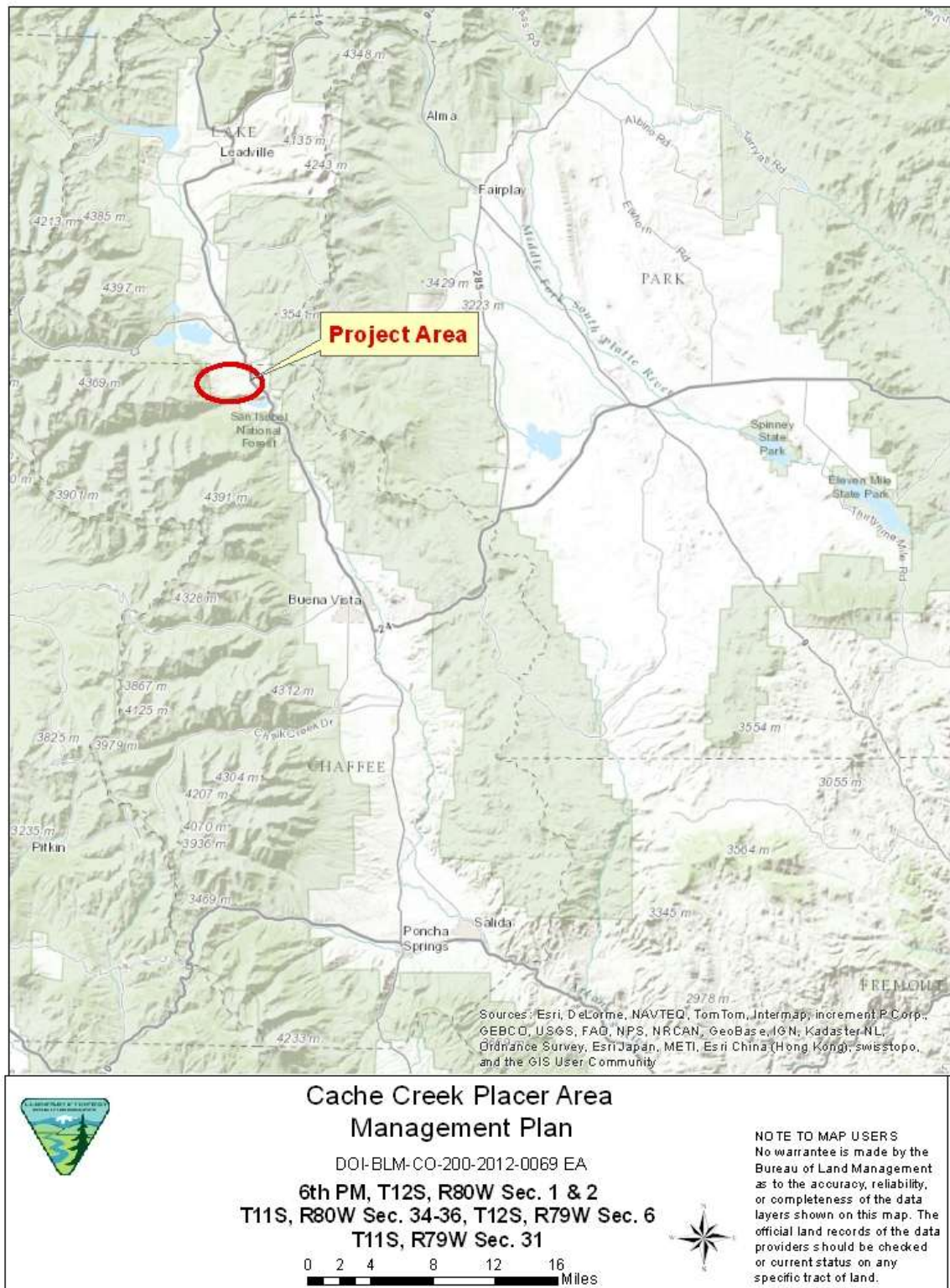
Hazards being created by users at the site: Large overhang with tunnel and under-cut tree

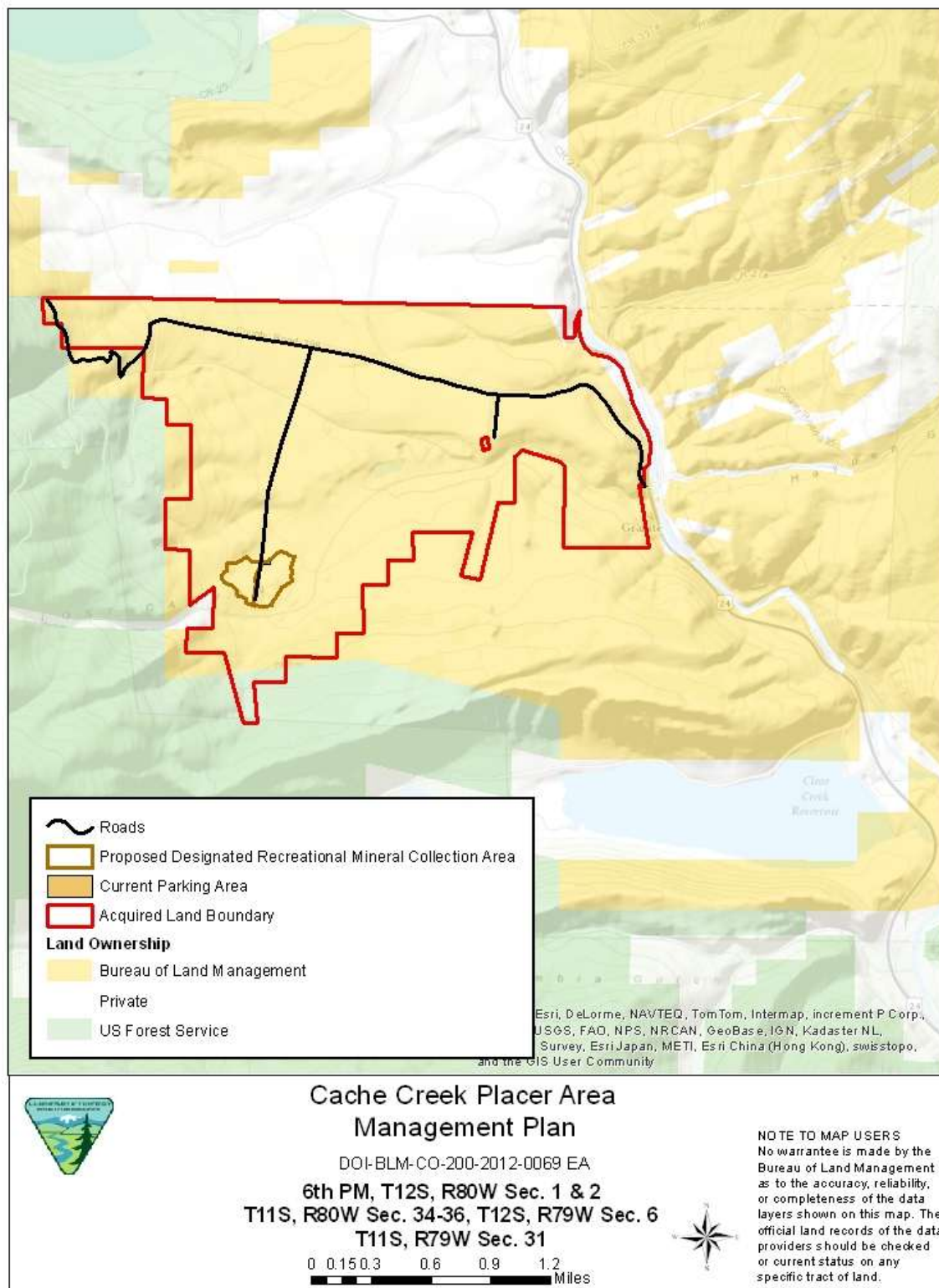


Sediment impacting water quality, riparian habitat and aquatic species



## Maps









## Cache Creek Placer Area Management Plan

DOI-BLM-CO-200-2012-0069 EA

6th PM, T12S, R80W Sec. 1 & 2  
T11S, R80W Sec. 34-36, T12S, R79W Sec. 6  
T11S, R79W Sec. 31

0 0.02 0.04 0.08 0.12 0.16 Miles



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